

Message Text

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PAGE 01 RIO DE 02854 012108Z

64

ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 COME-00 AGR-20 L-03 CIAE-00

INR-11 NSAE-00 RSC-01 DRC-01 /068 W

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R 012000Z AUG 74

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 1136

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

AMCONSUL PORTO ALEGRE

UNCLAS RIO DE JANEIRO 2854

E.O. 11652: N/A

TAGS: BEXP, BR

SUBJECT: IMPORT RESTRICTIONS ON SMALL AIRCRAFT

REF: STATE 160248; BRASILIA 4685; BRASILIA 4791

1. BRAZIL'S LAW NO. 74,219 OF JUNE 25, 1974 STATES THAT ALL REQUESTS FOR IMPORT LICENSES FOR CIVIL AIRCRAFT REQUIRE PRIOR APPROVAL BY AIR MINISTRY'S COMMITTEE FOR THE COORDINATION OF CIVIL AIR TRANSPORT (COMISSAO DE COORDENACAO DO TRANSPORTE AEREO CIVIL-COTAC). THE GOVERNMENT'S FOREIGN TRADE DEPARTMENT (CACEX) WILL NOT REPEAT WILL NOT ISSUE IMPORT LICENSES (GUIA DE IMPORTACAO) WITHOUT THE PRIOR APPROVAL OF COTAC.

2. COTAC MEETS ONCE A MONTH TO CONSIDER REQUESTS FOR APPROVAL TO IMPORT CIVIL AIRCRAFT. ALL REQUESTS SUBMITTED TO COTAC MUST CONTAIN:
(A) PRICES OF AIRCRAFT FOB FACTORY AND CIF, PORT OF ENTRY BRAZIL.
(B) FINANCING TERMS OR CONDITIONS OF PAYMENT.
(C) DELIVERY TIME.
(D) COMMISSION EARNED BY LOCAL REPRESENTATIVE FOR CONSUMATING SALE AND/OR DISCOUNT GRANTED BY
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PAGE 02 RIO DE 02854 012108Z

AIRCRAFT MANUFACTURER TO BUYER.

(E) PROOF BY BUYER OF HIS FINANCING CAPACITY TO PURCHASE AIRCRAFT AND TO ASSUME MAINTENANCE COSTS.
(F) JUSTIFICATION BY BUYER FOR PURCHASE OF IMPORTED AIRCRAFT RATHER THAN USING LOCAL AIRLINE, AIR TAXI AND AIR CHARTER SERVICES.

(G) ESTIMATED TIME OR FREQUENCY BUYER INTENDS USE AIRCRAFT PER YEAR.
(H) GEOGRAPHIC AREA IN WHICH AIRCRAFT WILL BE USED.
(I) TYPE OF OPERATIONS OR FUNCTIONS FOR WHICH THE AIRCRAFT IS TO BE USED PER HOUR PER MONTH.
(J) TECHNICAL DESCRIPTION OF AIRCRAFT - E.G. NUMBER OF SEATS, PAY-LOAD, SPEED.
(K) AFFIDAVIT FROM LOCALLY CERTIFIED AIRCRAFT REPAIR FACILITY ATTESTING TO THEIR ABILITY TO PERFORM MAINTENANCE ON AIRCRAFT.
(L) EXPLANATION BY BUYER WHY HE IS NOT PURCHASING LOCALLY PRODUCED AIRCRAFT IF SUCH EXISTS.

3. REGARDING GRUMMAN CASE, CONGEN RIO INFORMED THAT COTAC HAS NOT RECEIVED A REQUEST FOR APPROVAL FROM PROSPECTIVE PURCHASER - ASSOCIACAO DOS APLICADORES AEREOS OF SAO PAULO. WE ARE CHECKING TO SEE IF AN IMPORT LICENSE WAS ISSUED PRIOR TO PROMULGATION OF LAW 74219.

4. INFORMED SOURCES REPORT THAT MOST REQUESTS FOR APPROVAL TO IMPORT AGRICULTURAL AIRCRAFT WILL BE APPROVED BY COTAC. (ONLY POSSIBLE LOCALLY-PRODUCED SUBSTITUTE IS EMBRAER'S AGRICULTURAL AIRPLANE IPANEMA. HOWEVER, EMBRAER'S ABILITY TO PRODUCE AIRCRAFT IN SUFFICIENT NUMBERS IS VERY LIMITED.)

5. COMMENT: THE NEW LAW 74219 ESTABLISHING PRIOR APPROVAL PROCEDURES FOR ALL AIRCRAFT IMPORTS INTO BRAZIL OBVIOUSLY MAKES SUCH IMPORTATION A MORE TIME-CONSUMING AND EXPENSIVE PROCESS. OSTENSIBLY THIS LEGISLATION WAS ENACTED TO IMPEDE IMPORTS OF EXECUTIVE AND PLEASURE TYPE
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PAGE 03 RIO DE 02854 012108Z

AIRCRAFT. IT DOES PROVIDE AN ADDITIONAL SMALL MEASURE OF PROTECTION TO BRAZIL'S AIRCRAFT MANUFACTURING INDUSTRY.
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